

STATE FINANCE COMMITTEE
OLYMPIA, WASHINGTON

December 18, 2000

The State Finance committee met in a special meeting after notice duly given to the press and radio of Thurston County.

Present: Michael J. Murphy, State Treasurer
Brad Owen, Lieutenant Governor

Also Present: Allan J. Martin, Office of the State Treasurer
Rusty Fallis, Office of the Attorney General
Svein Braseth, Office of the State Treasurer
Rob Shelley, Seattle Northwest Securities Inc.
Dean Torkelson, Seattle Northwest Securities Inc.
Bill Tonkin, Foster Pepper & Shefelman, LLP
Shad Pruitt, Office of the State Treasurer
Mike Clarey, Office of the State Treasurer
Suzanne Coit, Office of the State Treasurer
Kristi Wolgamot, Office of the State Treasurer
Barton Potter, Office of the State Treasurer
Sue Martin, Office of the State Treasurer
Mike Roberts, Office of the State Treasurer
Vicki Cox, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Lt. Governor Owen moved the minutes for the November 16, 2000 meeting be approved. Chairman Murphy seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin said proposed Resolution No. 931 awards the sale of State of Washington Various Purpose General Obligation Refunding Bonds, Series R-2001T (Taxable). The Series R-2001T Bonds are taxable current interest refunding bonds. The interest will be paid semi-annually on the outstanding principal. The proceeds will be used to refund and defease portions of the State's Various Purpose General Obligation Bonds, Series 1993A, Series 1994A, and Series 1994B, and to pay a closing agreement amount to the Internal Revenue Service in accordance with Resolution 930 in the amount of \$1,169,187. Mr. Martin directed the committee's attention to the copy of Standard & Poor's and Fitch's rating of these bonds which confirmed their rating of "AA+". Since the distribution of the meeting booklet, Moody's has also confirmed their rating of "Aa1".

Mr. Martin said there were seven bids accepted at 7:30 a.m. electronically. Four electronic bids were received through Parity and three were received through Bloomberg. Dain Rauscher, Inc. submitted a true interest cost (TIC) of 6.2679891%; First Albany Corporation

submitted a TIC of 6.3174198%; Griffin, Kubik, Stephens & Thompson submitted a TIC of 6.3194486%; Morgan Keegan & Company, Inc. submitted a TIC of 6.4892972%; PaineWebber Inc. submitted a TIC of 6.2550611%; US Bancorp Piper Jaffray submitted a TIC of 6.2993431% and Wells Fargo Institutional Brokerage & Sales submitted a TIC of 6.5679086% with the apparent low bidder being PaineWebber Inc. Mr. Martin said it was a good rate for taxable bonds.

Mr. Torkelson agreed and said the seven bids confirmed the competitive sale and wide range of bids. Mr. Martin said the Series R-2001T would close on December 28, 2000 and payment to the Internal Revenue Service would be made on that day. Mr. Tonkin will provide the escrow agreement. Mr. Martin said special tax counsel, Mitchell Rapaport of Nixon Peabody, would complete the follow-through with the Internal Revenue Service.

Mr. Martin presented proposed Resolution No. 931 to the committee.

Resolution No. 931 providing for the award of sale of \$12,005,000*, State of Washington Various Purpose General Obligation Refunding Bonds, Series R-2001T (Taxable).

Lt. Governor Owen moved to adopt Resolution No. 931. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin thanked the committee for the year and their support to the Debt Management staff. He also thanked all the advisors for their efforts.

There being nothing further to come before the committee, the meeting was adjourned at 9:10 a.m.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Gary Locke, Governor & Member

Brad Owen, Lieutenant Governor & Member

Allan J. Martin
Deputy State Treasurer & Secretary